



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## Brazil

## Oilseeds and Products

## Soybean Update

## 2005

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**Report Highlights:**

This year's drought conditions took a harvest positioned to set record yields and turned in into a simply a good one overall. Most injury to the crop is limited to isolated areas; with the exception of Rio Grande do Sul, where irreversible damage appears to be widespread throughout the state. Post has lowered its production estimate to 55.9 MT with expected average overall yields of 2.5 tons/ha. The area projection of 23 million hectares remains unchanged.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Brasilia [BR1]  
[BR]

<b>PSD Table</b> <b>Country: Brazil</b> <b>Commodity: Oilseed, Soybean (Local)</b> <b>(1000 HA)(1000 MT)</b>						
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		02/2003		02/2004		4/2005
Area Planted	18448	18475	21475	21436	23000	23000
Area Harvested	18448	18475	21475	21400	23000	23000
Beginning Stocks	681	553	3129	3090	4186	4420
Production	52000	52400	52600	52580	59000	55900
MY Imports	1124	1124	350	350	222	300
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	53805	54077	56079	56020	63408	60620
MY Exports	19987	19987	19571	20000	23286	21300
MY Exp. to the EC	10500	10500	10200	10720	12000	12000
Crush Dom. Consumption	27796	28300	29172	29000	31801	31050
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	2893	2700	3150	2600	3518	3520
TOTAL Dom. Consumption	30689	31000	32322	31600	35319	34570
Ending Stocks	3129	3090	4186	4420	4803	4750
TOTAL DISTRIBUTION	53805	54077	56079	56020	63408	60620
Calendar Year Imports	0	1100	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	16000	0	0	0	0
Calndr Yr Exp. to U.S.	0	3	0	2	0	0

The worst drought in over 40 years in Southern Brazil has caused a major impact on soybean production in the southern state of Rio Grande do Sul, and a considerable one on production in Paraná. These states each contain approximately one-sixth of Brazilian soybean area. Post's pre-drought forecast for Rio Grande do Sul was 9.3 million metric tons (MMT), and, although it is too early to be certain, many sources report the state's soy losses at 65%, a 6 MMT commodity loss. Post's new estimate for Rio Grande do Sul is 3.8 MMT. The loss in Paraná's production is estimated at 15%, and its estimate is being lowered from a pre-drought 12.4 MMT to 10.3 MMT due to losses concentrated in the western and northwestern regions of the state.

The drought's most damaging effects took place in February, with its combination of dryness and higher than average temperatures right at the time of flowering. A lack of soil moisture during this time period also took a toll on the states of Mato Grosso do Sul, Goiás, and São Paulo, although to a much lesser degree. This year's drought conditions took a harvest positioned to set record yields and turned in into a simply a good one overall. Most injury

to the crop is limited to isolated areas; with the exception of Rio Grande do Sul, where irreversible damage appears to be widespread throughout the state.

<b>State-Level Soybean Estimates: FAS Brasilia</b>	
<b>Region</b>	<b>4/05 Production Estimate (MMT)</b>
<b>Center West</b>	<b>30.15</b>
MS	4.5
MT	17.5
GO	8
DF	0.15
<b>South</b>	<b>14.9</b>
PR	10.3
SC	0.8
RS	3.8
<b>Southeast</b>	<b>5.3</b>
MG	3.1
SP	2.2
<b>Northeast</b>	<b>4.3</b>
MA	1.2
PI	0.5
BA	2.6
<b>North</b>	<b>1.29</b>
RO	0.2
AM	0.04
RR	0.05
PA	0.1
TO	0.9
<b>Totals</b>	<b>55.94</b>

The Brazilian harvest is nearly 60% complete, with 75% harvested in Parana, 70% in Mato Grosso, 60% in Goias, and 15% in Rio Grande do Sul. At this point, the concern has turned to the delay of the harvest in Parana, Santa Catarina, Rondonia, and Amazonas due to heavy rains and difficult harvesting conditions. Mato Grosso, Goias, and Mato Grosso do Sul also encountered overabundant soil moisture in previous weeks that obstructed the harvesting process. Some states are reporting shriveled beans as a result of the hold-up in the harvest and/or too much humidity, which is affecting yields to a small degree. Overall, yields in the largest soybean state of Mato Grosso are still expected to be exceptional due to better rust and crop management and will likely reach a record-breaking 17.5 MMT. The state of Goias has also produced under similar or better conditions as Mato Grosso and is expected to increase 25% over last year's production to 8 MMT. The Northeastern states of Bahia, Maranhao, Piaui and the five soy-producing states in northeast Brazil, which total nearly 10% of Brazil's area, look extremely positive and are all expanding production from last year. Maranhao, a state which was not growing soybeans ten years ago, has doubled its production in the last four years and, according to the state's agricultural statistical service, is expected to produce 1 MMT of beans.

With respect to average yields, Rio Grande do Sul will be the most damaged and is projected at .95 tons per hectare. Parana will decrease to 2.5 tons/ha (only a slight decrease from last year's yields of 2.55 kg/ha), and yields in Santa Catarina should be only moderately affected at 2.5 tons/ha, down slightly from their 5-year average of 2.6. Yields in Mato Grosso continue to lead the country and are anticipated to reach 3.0 tons/ha, making it the first state to reach this average yield. Overall, post estimates soybean yields in Brazil to average 2.5 tons/ha.